

# SOUTH KOREA: LIVING THE NEW NORMAL II

May 2020

A photograph of a crowded public transport vehicle, likely a subway or train, with many passengers wearing face masks. The image is overlaid with a semi-transparent blue filter. The text is centered over the image.

# RETURNING BACK TO NORMAL ACTIVITIES:

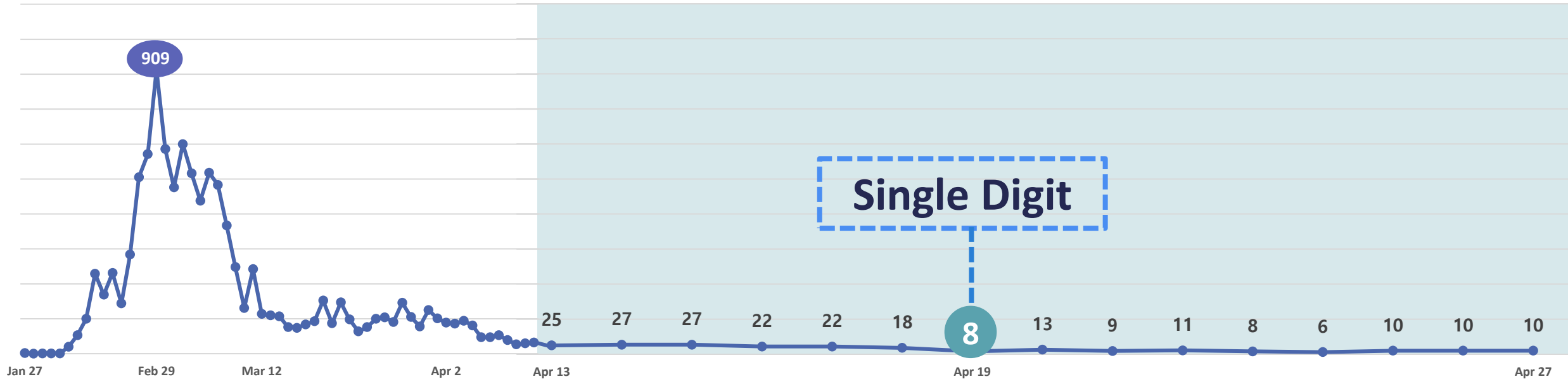
THE POSSIBILITY OF THE 2<sup>ND</sup>  
OUTBREAK REMAINING

# COVID-19 in South Korea

Down to Single Digit

Number of New Confirmed Cases (per day)

Source: [Coronaboard](#)



South Korea, a country of over 50 million appears to have greatly slowed its epidemic. The Ministry of Health and Welfare (MOHW) reported **only 10 new cases confirmed as of April 27<sup>th</sup>** after firstly seeing a single digit number of new cases on April 19. South Korea is among the countries hit earliest by COVID-19; however, **South Korea never imposed lockdown or stopped its people from going to work**. Nevertheless, Korean government recommended to suspend indoor sports, religious and entertainment facilities in March, but due to the lower infection cases, they recently announced to allow facilities to restart operations from April 20 as long as they comply with disinfection guidelines.

Source: [Coronaboard](#)

# S. Korea to post negative GDP growth in 2020

Due to COVID-19

01

The International Monetary Fund (IMF) projected that South Korea's economy would grow **negative 1.2%** this year.

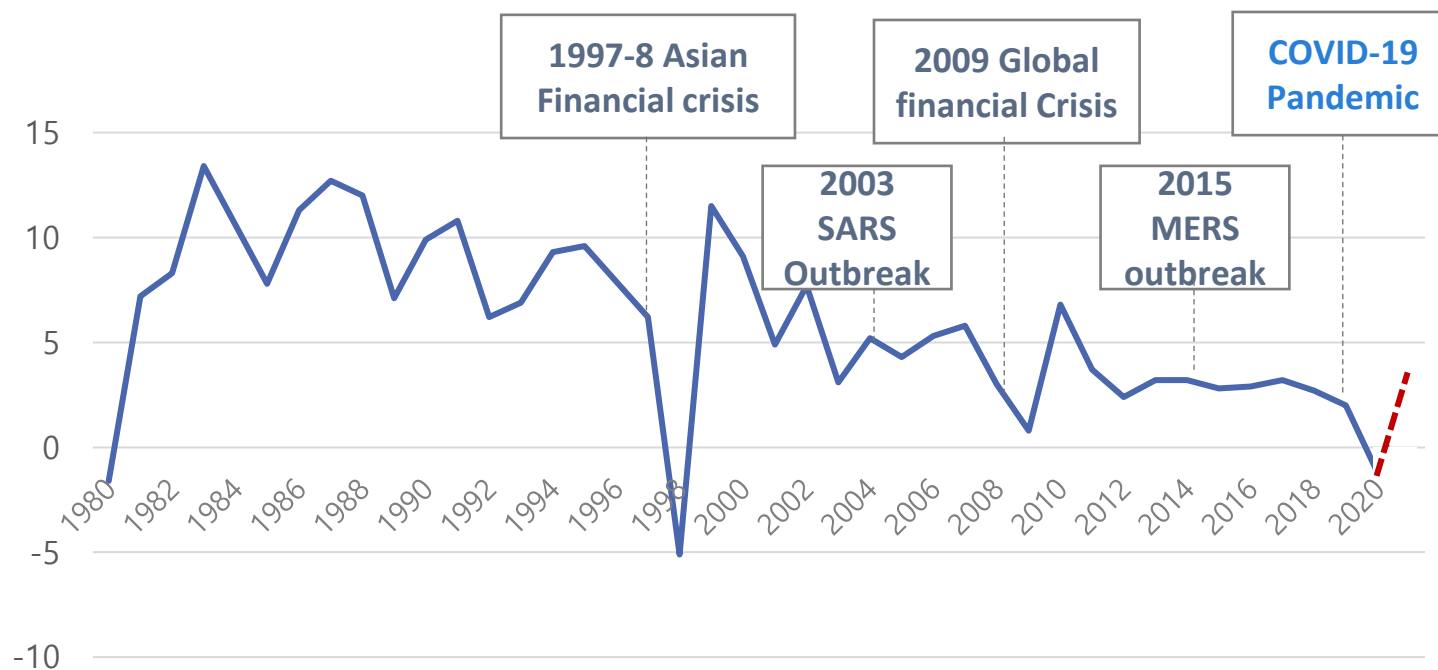
02

This forecast represents a low market growth, which is influenced by weak external demand despite Korea's swift and comprehensive approach to combating the COVID-19 outbreak.

03

IMF predicted that South Korea's economy could **grow 3.4%** in 2021.

South Korea's Real GDP Growth (Annual Percent Change)



Source: IMF 2020, IMF - Republic of Korea

# SUCCESSFUL PARLIAMENTARY ELECTIONS AMID COVID-19 PANDEMIC WITH THE LARGEST T U R N O U T

Under a strict quarantine policy in South Korea, the **nation's 21st parliamentary election was held on April 15th**. During the election, Koreans had to wear mask and disposal gloves; moreover, requested to check their body temperature and to be distancing from each other in lines at the polling stations. Self-isolators also voted after the regular voting hours at 6:00pm at designated polling stations. Amid the COVID-19 outbreak, the **voter turnout was at a record 66.2%**.

Source: [NewDaily](#), [Newsis](#)



Image Source: April 10, 2020; [Hankyung](#)

# RETURNING BACK TO NORMAL LIFE I

A F T E R   C O V I D - 1 9

The past couple of weeks in South Korea, due to the high number of covid-19, lots of bars, restaurants, and shops had been closed, also sports and all the cultural events had been cancelled. Nevertheless, with **new confirmed cases have been declined that it seems like life in South Korea is returning to normal**. During **the weekends, shopping malls, parks, and golf courses are crowding with many people and there are long lines outside restaurants during lunchtimes**. The streets are became busier and it can easily see that some people wear masks and some do not. Even though, South Korea **extended social distancing policy until May 5<sup>th</sup>**; nevertheless, due to the decline number of cases that **South Korean government offered some relief for churches and sporting events**. KBO (Korea Baseball Organization) recently announced that they will resume the 2020 regular season begin on May; however, due to the social distancing campaign, baseball will be play without audiences.

Source: [Newspim](#)



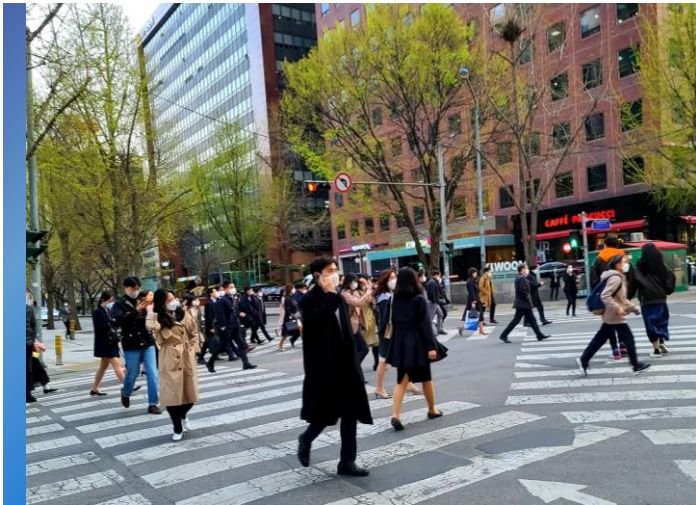
Image Source: April 16<sup>th</sup>, 2020. [YTN & YTN PLUS](#)

Image Source: [CCTODAY](#)

# RETURNING BACK TO NORMAL LIFE II

A F T E R   C O V I D - 1 9

S. Korean people are returning to their normal life activities from April 20<sup>th</sup> as the number of new cases down to single digit, after keeping severe 4 weeks of social distancing. However, the health authorities alert the possibility of a bigger outbreak in the Fall and in the long run it could last for two years.



**1** Street



**2** Hypermarket



**3** Wedding Event

Image Source: Direct Photography by KBSI in mid-April

# 180,000 TOURISTS PLAN TO VISIT JEJU ISLAND

during the Golden Week

## 1 INCREASED TOURISTS

During the 'Golden Week', from late April to early May, around **180,000 tourists are expected to visit Jeju Island**. Starting on the 30<sup>th</sup> of April (The Buddha's Day), 'Golden Week' is scheduled to be held until Labor Day on the 1<sup>st</sup> of May, weekend on the 2<sup>nd</sup> and 3<sup>rd</sup> and Children's Day on the 5<sup>th</sup>.

Source: [April 23, 2020; Korea Economy TV](#) / [April 20, 2020; Naver News](#) / [April 21, 2020; Seoul Newspaper](#) / [April 21, 2020; Nocut News](#)



Image Source: April 22, 2020; News Jeju

## 2 SOLD OUT TICKETS

**All tickets** from Gimpo to Jeju Island **are sold out** and most of the flight reservations for Jeju are closed at the national airline's homepage during the golden week. According to the government, Jeju Island will strengthen quarantine to prevent the spread of COVID-19 through tourists.



Image Source: April 23, 2020; Financial News

구간1 : 서울(김포) - 제주						
<	04-24(금) 22,900	04-25(토) 26,900	04-26(일) 14,900	04-27(월) 11,900	04-28(화) 17,900	04-29(수) 70,000
						04-30(목) 106,500
출발시간	도착시간		FLY [좌석]	FLYBAG 15KG	FLYBAG+ 20KG	NEW CLASS
GMP 06:25 서울(김포)(GMP) 7C 101   직항	CIU 07:35 제주(CIU)		마감	마감	마감	미운영
GMP 07:00 서울(김포)(GMP) 7C 103   직항	CIU 08:10 제주(CIU)		마감	마감	마감	미운영
GMP 07:30 서울(김포)(GMP) 7C 171   직항	CIU 08:40 제주(CIU)		마감	마감	마감	미운영
GMP 07:40 서울(김포)(GMP) 7C 105   직항	CIU 08:50 제주(CIU)		마감	마감	마감	미운영

SOLD OUT

Image Source: April 20, 2020; Naver News

A group of officials in a meeting room, with the South Korean flag and two local government flags (Seoul and Gyeonggi-do) in the background. The officials are seated around a long table, some looking at documents and others looking towards the center. The image has a blue overlay.

# E C O N O M I C S S T I M U L U S   P L A N



# ECONOMIC STIMULUS PACKAGE

SOUTH KOREAN GOVERNMENT

Even though South Korea's new COVID-19 cases have been dropped, the Korean economy will most likely show weakening in the second quarter. On April 22nd, the President Moon administration had 5th emergency economic meetings and announced the 3rd supplementary budget.

**Total Economics Stimulus Fund: \$135 billion + a including:**

- i) \$26.4 billion for Small Enterprises**
- ii) \$40 billion for Korea's Top 7 Key Industries**
- iii) \$25 billion for Financial Institutes**
- iv) \$14.3 billion for Emergency Disaster Relief Fund**
- v) And others**

Source: [Maekyung](#) & [The 300](#) & [mbc news](#)

## EMERGENCY DISASTER RELIEF PAYMENT TO ALL HOUSEHOLDS – \$14.3 billion

South Korean government decided to make an **‘emergency disaster relief payment’** to all households. The emergency disaster relief payment of up to **\$1,000** will be paid to **2,171 million households** (\$1,000 standard for four-member households). Originally, the government was going to spend the payment only to households whose combined income is in the lower 70%; however, this was expanded under a deal with the ruling party. Therefore, according to Moon administration, they are planning to begin to provide emergency disaster relief payment starting May 13<sup>th</sup>.

Source: [Daily & Chosun](#)



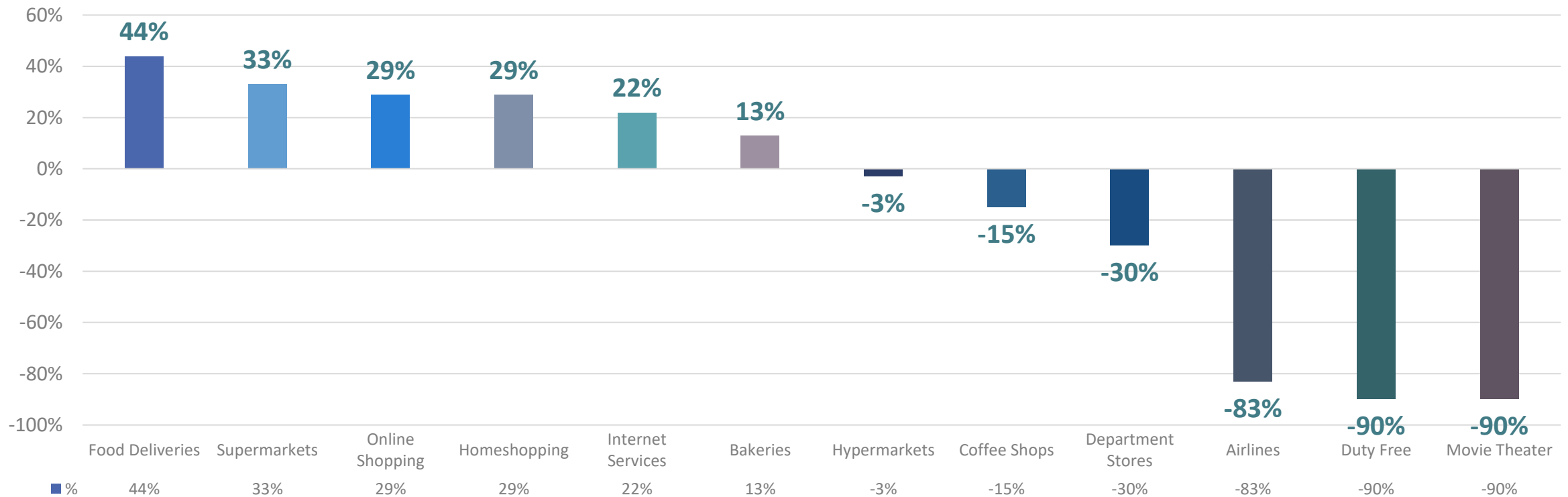
Image Source: [Yonhap News](#)



# FOOD & HEALTH PRODUCTS CONSUMPTIONS & UPDATES

# CONSUMPTION CHANGES AFTER COVID-19 OUTBREAK

Total sales through food delivery applications in March increased by 44% from the sales in January, according to Wise App/ Wise Retail, the retail analysis service company. At the same time, sales of supermarket, online shopping, home-shopping, internet service and bakeries have shown positive growths in March while COVID-19 has negatively affected to sales of hypermarkets, coffee shops, department stores, airlines, duty frees and movie theaters.





# E-COMMERCE: ONLINE ORDERS INCREASED

DUE TO COVID-19

## Coupang's Changes Before & After COVID-19



**Coupang's** daily orders have doubled since the spread of COVID-19 and recorded a peak 3.3 million, Jan. 28. Since then, the company has been delivering an average of 3 million orders a day. Coupang said it will continue to invest in expanding its logistics and building more distribution centers.

Orders on **Market Kurly**, a local grocery delivery platform, have skyrocketed in recent weeks. In February, Market Kurly deliveries were delayed and listed products sold out just as soon as they were stocked, where the company saw a sudden surge in users.

**SSG** sales of HMR products increased by 695 percent in the past month compared to the same period last year.

Source: February 25, 2020, Sports Seoul Newspaper

Before COVID-19

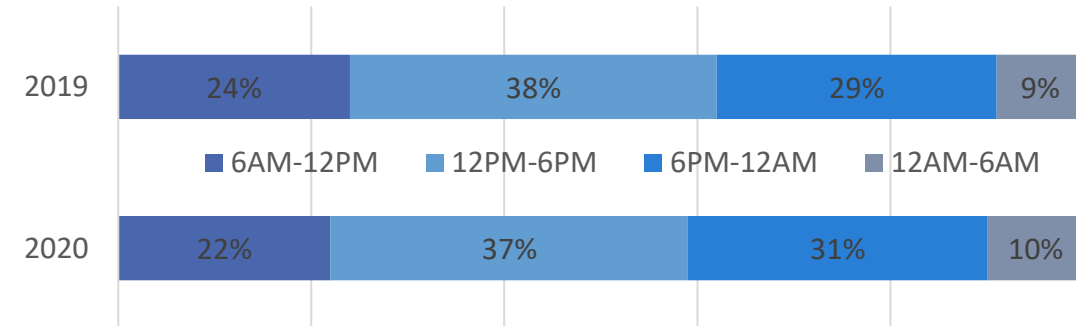
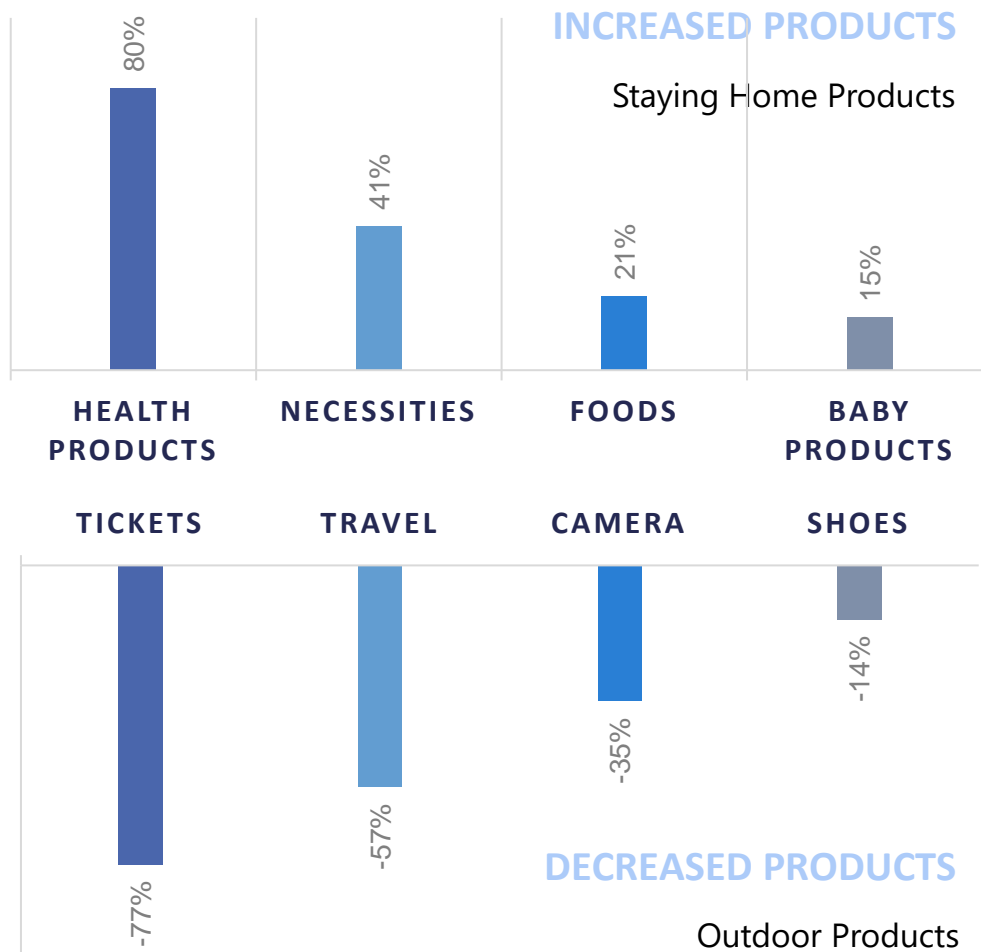
After COVID-19

Based: \$1=1,000 won

	Before COVID-19	After COVID-19
# of Daily Orders	2,200,000	3,300,000
Monthly Sales	US\$14.4 billion (January 2020)	US\$16.3 billion (February 2020)
# of Increased Part-time Deliveryman	4,000	12,000

2020 Online Orders:

# CHANGES IN ONLINE SERVICE PATTERNS



**LATE-NIGHT SHOPPING**  
**3% ↑**



# TURNING CRISIS INTO OPPORTUNITIES



Photo Source: [Korea Joongang Daily](#)/ April 10, 2020

- Above: Takeout Menus & Drive Through Order Services provided by 5 Star Hotels
- Bottom: Meal Kits provided by Fine Dining

## Rebounding Local Foodservices

Sales of local foodservice industry are slowly rebounding after the 1<sup>st</sup> quarter having a tough time. It expects that the sales is increasing by 20%~30% from the sales in March and local foodservice industries are showing careful optimism. However, as **Korea's dependence on imported foods is high, supplies from overseas could be a problem for local foodservice sector.** According to KBSI's interview with a local major franchised restaurant, **its food imports from overseas have been delayed to Korea** and they expect there will be more similar cases after. Food importers commented, it is hard to secure cargo carriers for food imports as the numbers of air/ ocean freights carriers have halved due to COVID-19.

In the meantime, to overcome difficulties from the pandemic, local foodservice companies have expanded their services, especially services to meet increasing demands of 'Non-Face-to-Face' food orders. For example, more restaurants use 'Smart Order' services which people easily order and pick-up foods from restaurants according to the 'Naver' - the top 1 online search engine. The number of restaurants using this service increased 14 times in March, compared to January. Also, local restaurants, even including five-star hotels and fine dining, are strengthening takeout menus and delivery services to approach to wider groups of consumers.

Source: [News 1](#)/ April 20, 2020 & [The Food & Beverage News](#)  
April 20, 2020 & [Korea Joongang Daily](#)/ April 10, 2020



# UPRISING NON-FACE-TO-FACE SERVICES



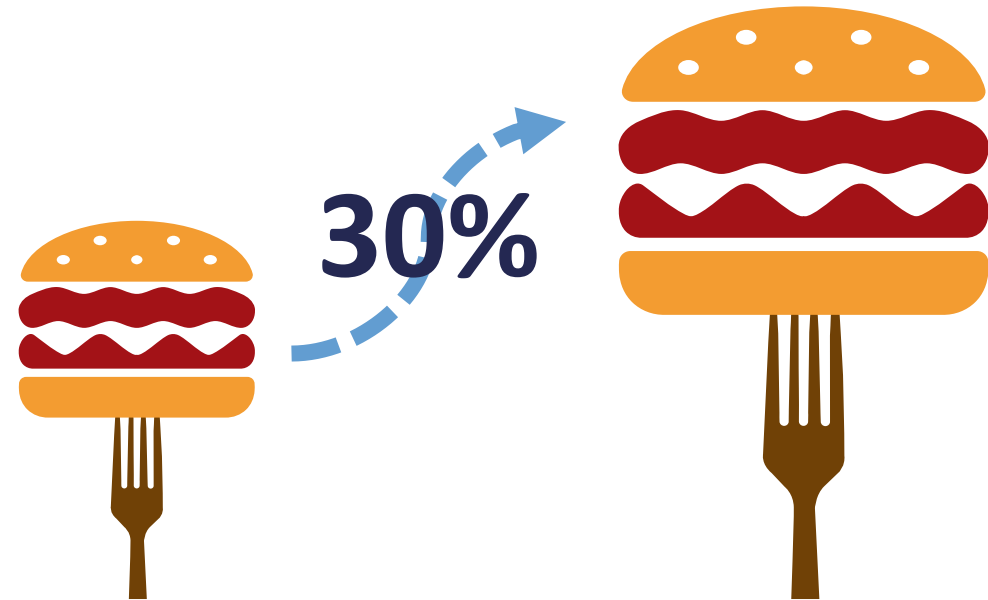
*Mobile Order Application by Starbucks Korea & Mc Drive Service by McDonald Korea*



Starbucks Korea reported its sales from drive-through increased by 32% from January to February.

McDonald Korea reported that the number of vehicles using its drive-through platform, "McDrive," exceeded up to 10 million in the 1<sup>st</sup> quarter. Also, the sales made from McDrive increased by 30% in March, according to the hamburger franchise chain.

Source: [The Food & Beverage News](#)/ April 20, 2020



# MORE USE OF FOOD DELIVERY APPLICATIONS

According to Global Big Date Research Center, the research company specialized in online big data analysis, interests on food delivery applications have been notably increased in Korea in the 1<sup>st</sup> quarter of 2020. The company conducted a big data research through 12 major social media channels including articles, online communities, blogs, Twitter, Instagram, Facebook, government agencies' websites, etc. to analyze 6 major food delivery applications in Korea in the 1<sup>st</sup> quarter.

As a result, keywords for all 6 applications were increasingly searched by local consumers in the 1<sup>st</sup> quarter. The number of keyword searches for Baemin, the Korea's largest food delivery application, was 138,588 in the 1st quarter, increased 42,305 from the same period of 2019. Also, the result shows that keyword searches for other 5 major applications were made often than ever.

Source: [Big Data News April 3, 2020/](#) [Korea Benchmark April 14, 2020/](#) [Food & Beverage News April 11, 2020](#)

## Number of Keyword Searches for Food Delivery Applications

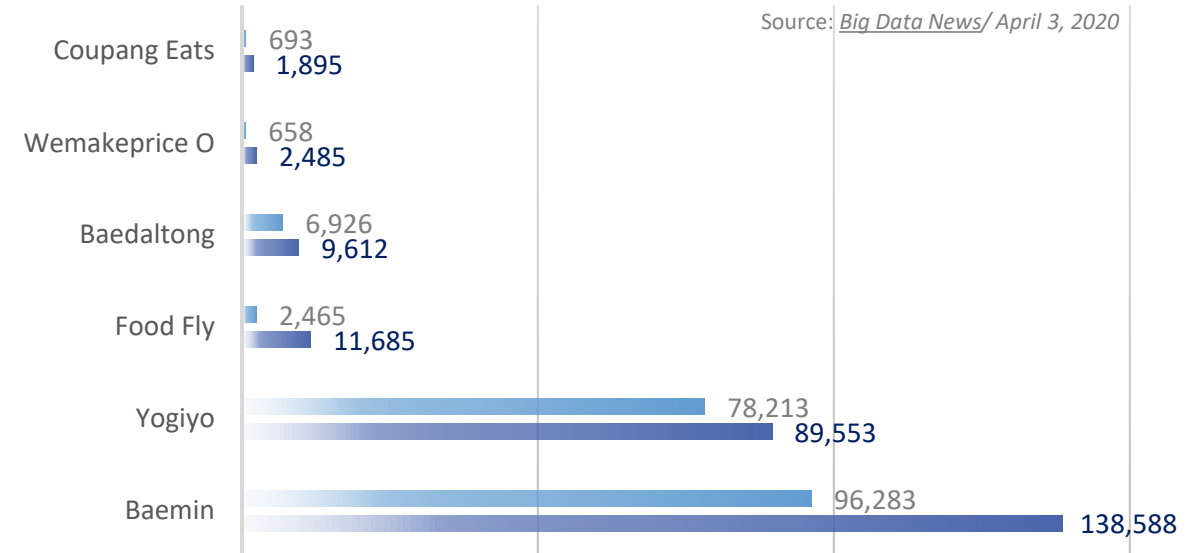


Image Source: [News 1/ April 18, 2020](#)

Image Source: [Food & Beverage News/ April 11, 2020](#)

# “UNTACT” TREND IN THE FOOD MARKET

## The 1<sup>st</sup> Quarter Result in Major Food Companies

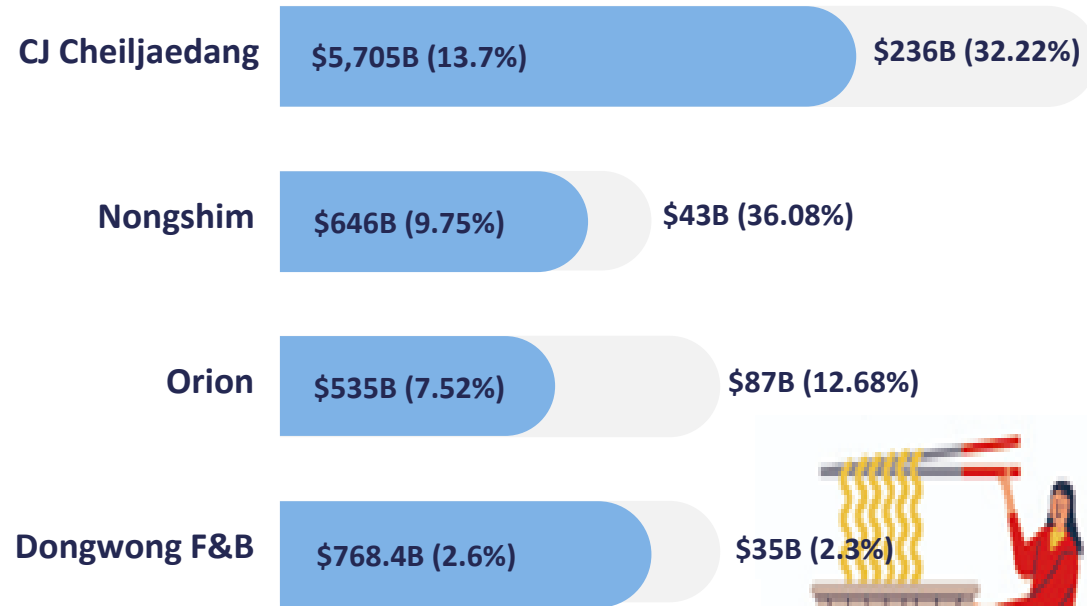


Image Source:  
[April 16, 2020; Etoday](#)  
[April 17, 2020; ThevalueNews](#)

Source: [April 16 2020; Etoday](#)  
[April 16, 2020; Financial News](#)  
Feedback from Local Importers, Distributors and Retailers\



➡ The spread of “untact (un + contact)” trend due to the COVID-19 leads to an increase in household food, and the food industries enjoyed an **unexpected sales increase in the 1<sup>st</sup> quarter of 2020**. The demand for processed foods that can be eaten at home such as **HMRs, ramen noodles, confectioneries such as snacks** have increased sales tremendously to all generations.

In addition, Mr. Kwang-ho Lee, the vice chairman of the Korea Food Industry Association, said, "The size of the processed food markets including HMR will expand further with the COVID19".

According to a direct interview with a major nuts importer in South Korea, it has imported 100 tons of pecans in the 1st quarter of 2020. The major hypermarket chains are steadily selling **nut products** at both online and offline stores and the **growth rate in the 1<sup>st</sup> quarter has increased up to 90%** compared to the same period of last year.

# IMPORTED FRESH FRUITS' SEASON IS COMING SOON

Department Stores, Shopping Malls and Retail Stores

On the 1st week of April, a large shopping mall was **overcrowded with people** and many shops offered 30-40% discounts and/or spring special sales up to 70% off. The “discount” from the economic turndown aftermath of COVID-19 has become a link to “seducing” people into shopping malls.

According to 3 retailers from major hypermarket chains including Emart, Lotte Mart and Homeplus, they will promote **retail promotions** and to set up **display bins and POS materials** as that are the most effective ways to attract consumers' interests and to increase sales at the offline stores.

The season for fresh imported fruits such as cherries and blueberries is coming soon. According to fresh fruits importers, they will **book shipments in advance** and diligently communicate with suppliers to prevent any shipment delays. From February 20 to March 31, fresh fruit sales have risen significantly such as 60.3% of pears, 18.6% of apples, 10% of tomatoes, 6.8% of strawberries, and 34.7% of pineapples. Frozen fruit sales also have increased by 14.9%.

*Reference:*

*[April 5, 2020; ChousnBiz](#)*

*Feedback from Local Importers, Distributors and Retailers*

*[April 3, 2020; New Daily Economic](#)*

*Image Source: April 5, 2020; ChousnBiz*

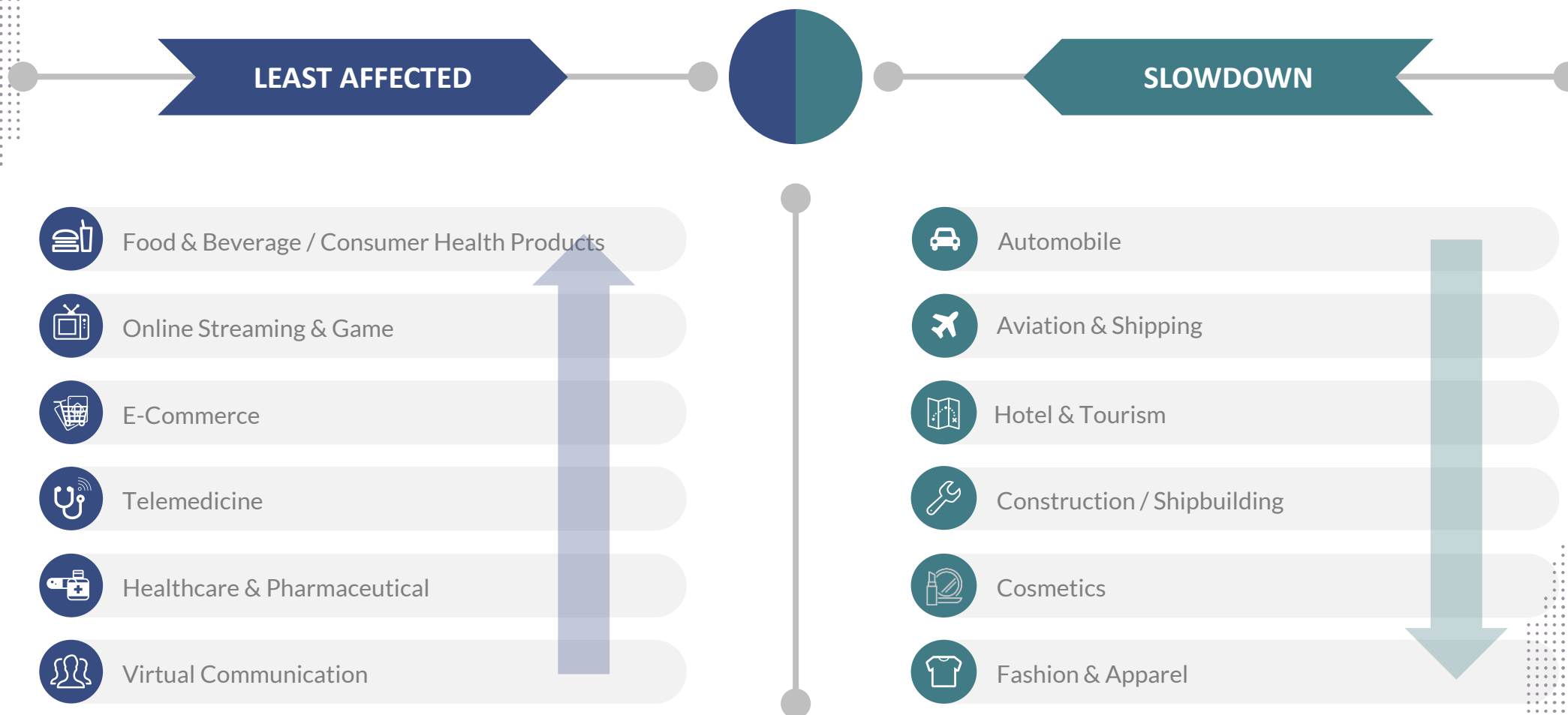
*Image Source: April 17, 2020; Seoul Finance*





**I N D U S T R Y**  
**U P D A T E S**

# AFTER COVID-19 OUTBREAK

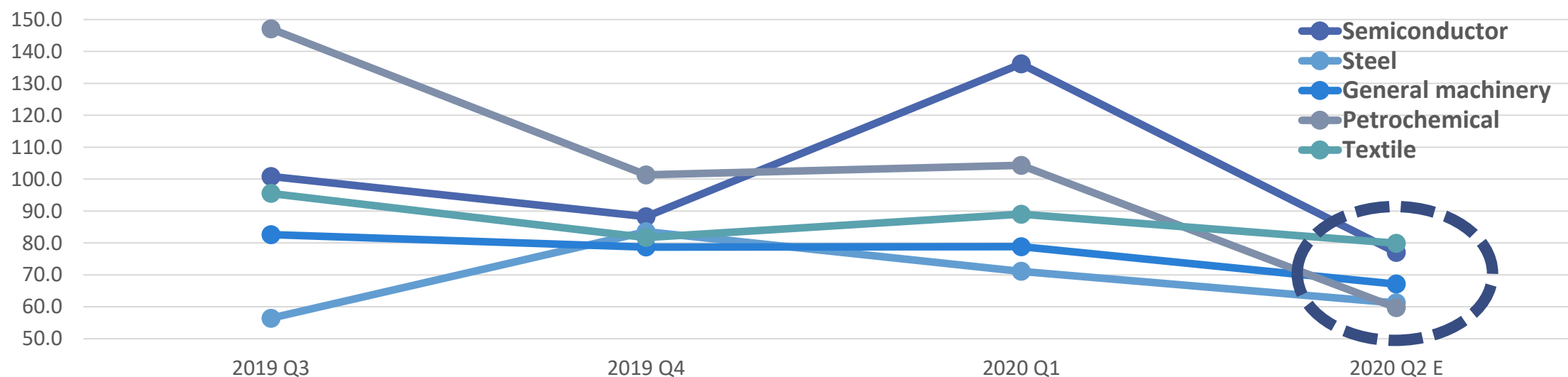


During the last 100 days, as people are spending more time at home, the consumption trend and economic life has been changed and it affected each industry section. Some sectors related to health and online services have been growing but others showing drastic downwards.

Source: Reports from [‘Samil Research Center’](#), [‘Deloitte’](#), [‘Samjong KPMG’](#) and [‘Hyundai Motor Securities’](#)

# EXPORT BUSINESS SURVEY INDEX (EBSI)

Korean Businesses have been paralyzed as lockdowns across the globe knocked demand and disrupted manufacturing and global supply chains. Therefore, Korean exports is estimated to decrease in Q2 of 2020 as the COVID-19 crisis paralyzed global manufacturing activity and crushed consumer demand globally. The government plans to support the five key industries, such as car makers, airlines, shipping companies, oil refining companies and shipbuilders, which produce around 20 percent of the country's GDP.



	2019 Q3	2019 Q4	2020 Q1	2020 Q2 E
Semiconductor	100.8	88.2	136.1	77.0
Steel	56.4	83.5	71.1	61.2
General machinery	82.6	78.7	78.8	67.1
Petrochemical	147.1	101.3	104.3	59.7
Textile	95.5	81.7	89.0	79.9

# KOREAN ICT INDUSTRY HAS RISEN

even in COVID-19 outbreak

Ministry of Science and ICT announced that ICT Industry in Korea exports and imports have risen for two consecutive months during the COVID-19 period. Both February and March in 2020 have risen year on year over the previous year same month.

According to an official from the Ministry of Industry, ICT exports rose 1.1% year-on-year, with exports of SSD (176.9%), computers peripherals products (77.6%) and mobile phones (11.3%) due to the increasing of remote working and education and also influence of Samsung Electronics' new smartphones.

Source: Ministry of the Science and ICT



## ICT Industry Export / Import

(Unit: \$100 million)

	2019		2020	
	FEBRUARY	MARCH	FEBRUARY	MARCH
EXPORT	126.7	158.3	137.4	160.0
IMPORT	72.9	91.9	77.1	94.4
TRADE BALANCE	53.8	66.3	60.4	65.7

(Source: Ministry of the Science and ICT)

# PREPARATION FOR THE POST COVID-19 WITH ICT

## 5G, AI & DATA

Since the COVID-19 outbreak, Korean government implements several measure of ICT systems to enhance social distancing. And now, the Korean government is preparing more proactive approach to prevent the new normal era after COVID-19.

According to the Ministry of Science and ICT, a task force team was launched in the ministry for **the strengthen digital infrastructure such as 5G, AI and data in order to prepare the Post COVID-19**. Improving the solution for the remote work and education, the government announced that the need for information provision, consulting and other support measures for virtual communication and virtual reality technologies, and institutional improvements so that the companies and institutes can innovate the way of work by utilizing remotely.

Source: The Government of the Republic of Korea, Ministry of the Interior and Safety



Choi Ki-young, Minister of Science and ICT, participates in the "ICT Emergency Meeting" using the video conference system.

Image Source: April 16, 2020; Ministry of Science and ICT

# IMPORTANCE OF 'UNTACT SERVICES' HAS RISEN

## IN HEALTHCARE AND MEDICAL INDUSTRY



Image Source: April 14, 2020; The Association of Korean Medicine

In particular, telemedicine, which had been forbade in the Korean medical community, was temporarily allowed in an emergency COVID-19 situation. When a doctor determines it is safe, patients can receive phone consultations and be prescribed medicine without visiting a medical institution. Before COVID-19 pandemic, Korea had absolutely banned to prescribed medicine via phone call without prescription from a doctor.

Source: 'Flattening the curve on COVID-19' by Ministry of Economy and Finance, Korea Smart Healthcare Association

On April 14, President Mr. Moon emphasized the importance of development on non face-to-face solutions in medical industry during the cabinet meeting. Accordingly, a variety of 'Untact Services' are emerging as the social distance movement spreads. As the number of non-face-to-face services increases, **Untact Services is on the rise in the healthcare and medical industries**. Especially, ICT-based healthcare system such as AI and big data is in the spotlight and it will continue to develop after COVID-19 pandemic. The use of AI and big data is expected to reduce the time required to develop medicine, as AI can learn and make deductions based on the virus and other medical data.

Image Source: March 31, 2020; Sisaweek





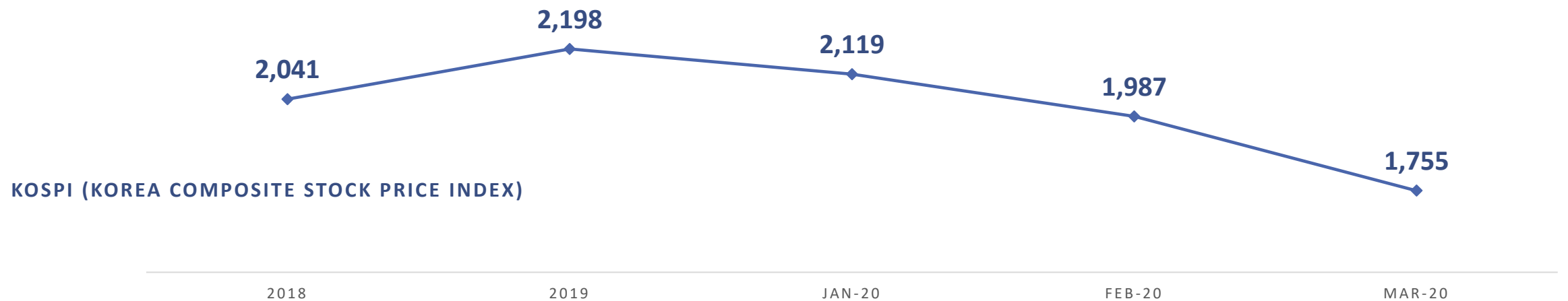
Image Source: April 21, 2020 ; Chosunilbo Korea

# INNOVATION & SURVIVAL IN SMEs

## Korea SMEs' challenges after COVID-19

COVID-19 may be having a devastating impact on our social lives, industries and personal standards. The global economy will significantly change to the point that the words “Before Corona” (BC) and “After Corona” (AC) come out. **COVID-19 would lead to a drastic reorganization and restructuring of the global economic order.** Traditional manufacturing and high-tech industry will be reorganized in Korea as well.

Source: April 9, 2020 ; Chosun Ilbo



Source: April 16, 2020 ; Korea Development Institute

# TRADITIONAL INDUSTRY

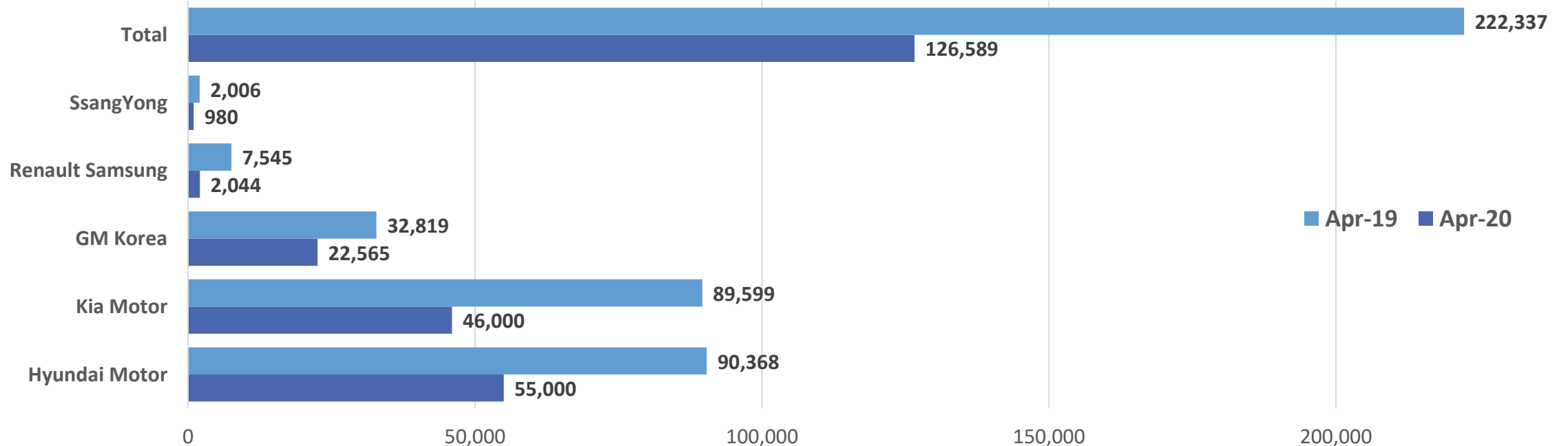
## AUTOMOBILE INDUSTRY

There are concerns that Korean automobile industry and its related auto parts makers are facing the crisis as the Korean's leading traditional manufacturing industry. Cars were rarely sold in April and car market in the other countries that are suffering under COVID-19 won't recover soon. Therefore, Korean carmakers including Hyundai, KIA mull more output cut due to COVID-19-devastated overseas demand. It affected to Korean auto parts equipment manufacturing company to shut down assembly lines from April. The Korean government must come up with loan or other comprehensive incentives to save the auto industry.

Source: [April 13, 2020 ; Seoul Economic Daily](#) / [April 13, 2020 ; Maeil Business News Korea](#)

### Exports of Top 5 Korea-based Automobile Manufacturers (2019/2020)

Source: April 20, 2020 ; Maeil Business News Korea



# HIGH TECHNOLOGY INDUSTRY

Despite all these discouragements by COVID-19, high technology industries such as **biotech and online servitization are steadily booming**. Especially, Korean biotech industry is enjoying the unexpected boom. Many countries favor Korean COVID-19 test kits because of their high accuracy. **The Ministry of Foreign Affairs said over 100 countries had requested cooperation to supply Korean diagnostic kits for COVID-19 test.**

*Image Source: April 21, 2020 ; Yonhap News*



*Image Source: April 21, 2020 ; Yonhap News*

According to FOMEK(Federation of Middle Market Enterprises of Korea) and Kbiz(Korea Federation of SMEs), the Ministry of SMEs and Startups decided to support on prospective technologies of the Fourth Industrial Revolution for SMEs as a part of its “Innovation Plan to Support SMEs’ R&D’ program last year 2019. However, **the most important thing to overcome barriers that SMEs are facing after COVID-19 is government must consider providing emergency financial funding to SMEs for survival**. The government should not only drastically ease the burden of research funds SMEs participating in R&D but also continue to push for comprehensive financial packages to help overcome the COVID-19 pandemic for all SMEs. Also, In order for SMEs to secure a new solid base for growth, SMEs need to link to substantial business results through win-win cooperation with domestic and foreign startups/ventures for preparing after COVID-19 by themselves.

*Source: April 9, 2020 ; Chosun Ilbo / April 13, 2020 ; Seoul Economic Daily / April 13, 2020 ; Maeil Business News Korea*

# EDUCATION: BACK TO SCHOOL IN MID-MAY

AFTER CONDUCTING ONLINE CLASSES

- The gap in students' learning is expected to widen as there are deviations in the management and guidance of children according to the home environment, such as dual-income families and vulnerable people.
- South Korean students began taking online classes from April 9 after weeks of no school amid the COVID-19 outbreak.
- It is expected to be announced in early May that the school opening date would be around mid-May or later in May.



Image Source: [April 21, 2020; idomin](#)



According to an interview with primary school teacher in Daegu, several problems and complaints have surfaced in Online Classes; Challenges from the first week.

- **Online Server problem:** The Korea Educational Broadcasting System (EBS) failed the connections to its online classes for the students for two-and-a-half hours on April 14 in the morning.
- **Shortage of the time to prepare:** This is the first time for the teachers to take care of the students via online. And teachers have not enough time to prepare and learning some IT components and contents to follow the policy.
- **Complaints arose from the parents:** The lower grade students are not able to access the online class without helping from adults so that the working parents have difficulties to take care of their children. As well as this, singly-parent family has more problem.



**S T A Y   S A F E   &   H E A L T H Y**

This material is distributed to update the latest news in South Korea by referring to news articles, policy briefings, and direct interviews with local market players. If you have any questions regarding the updates, please contact us at:

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